

UC RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FORM 51-102F1
For the Three and Six Months Ended December 31, 2006

1. INTRODUCTION

This discussion and analysis of financial position and results of operations ("MD&A") and cash flows of UC Resources Ltd. (the Company) should be read in conjunction with the unaudited interim consolidated financial statements of the Company for three months ended March 31, 2007 and the audited consolidated financial statements of the Company for the year ended June 30, 2006. Additional information relating to the Company is available on SEDAR at www.sedar.com. The effective date of this MD&A is May 30, 2007.

The annual financial statements have been prepared by the Company in conformity with generally accepted accounting principles in Canada ("Canadian GAAP").

In this MD&A, all dollar amounts are expressed in Canadian dollars, unless otherwise specified such as "US\$" for United States dollars. All references to "common shares" refer to the common shares in our capital stock.

As used in this quarterly report, the terms "we", "us", "our", the "Company" and "UC Resources" mean UC Resources and our wholly-owned Mexican subsidiaries Minera Planet S.A. de C.V. ("Minera Planet") and Minera Silver Creeck S.A. de C.V. ("Silver Creeck") unless otherwise indicated.

This MD&A contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expects", "plans", "anticipates", "believes", "estimates", "predicts", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors, including the risks in the section entitled "Risk Factors" that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements.

2. OVERVIEW

UC Resources Ltd. is a resource exploration company with a focus on silver and gold exploration and production opportunities in Mexico. UC's head office is located in Vancouver, Canada, and its corporate office in Mexico is located in Torreon, Coahuila. The Company's common shares trade on the TSX Venture Exchange under the symbol "UC" and on the Frankfurt Exchange as "UCD".

The Company's current flagship Mexican exploration property is the 1,500 sq. km Copalquin property, located in the northwestern state of Durango in Mexico (the "Copalquin Project") and is currently conducting an expanded exploration project, from which UC intersected 5.2 metres of mineralization averaging 45 g/tonne gold and 1,563 g/tonne silver during the Phase II drill program in 2006.

In addition to being focused on proving up the silver and gold potential of Copalquin, the Company was active on its La Yesca production asset, which has an inferred resource of 225,750 tonnes of tailings, grading an estimated 220 g/t silver and 2 g/t gold. The project commenced the processing of tailings in February 2007, with UC recovering gold and silver from tailings through an advanced copper-ammonium thio-sulphate process. However, a significant portion of the infrastructure work needed on the mill was completed in the last half of 2006.

The La Yesca Mill, which has an initial capacity of 200 tpd, has during the quarter been provided 4,500 tonnes of input material. As part of the plant commissioning process, metallurgical and flow processes are constantly

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being monitored and where necessary are being re-engineered and fine tuned and fine-tuned. Some of the tailings, as part of this commissioning process, were processed more than once in an effort to optimize gold and silver recovery. 1,700 kg's of precipitate was produced (approx. 1 kg per tonne) , of which 1,400 kg will be reprocessed.

In addition to the company's projects in Mexico, UC has entered into an option agreement with Spider Resources Inc. to explore the McFauld's VMS project in Northern Ontario. UC will be the operator during the term of the option and shall have the option to earn up to a 55% undivided interest in the Property based on meeting certain expenditure targets over a four year period.

In order to fund the exploration program at McFauld's Lake, the Company completed a \$1,500,000 non-brokered private placement of 2,678,568 flow-through units at a price of \$0.56 through MineralFields, which is a Toronto-based mining fund.

There is no assurance that a commercially viable mineral deposit exists on any of our properties, and further exploration is required before we can evaluate whether any exist and, if so, whether it would be economically and legally feasible to develop or exploit those resources. Even if we complete our current exploration program and we are successful in identifying a mineral deposit, we would be required to spend substantial funds on further drilling and engineering studies before we could know whether that mineral deposit will constitute a reserve (a reserve is a commercially viable mineral deposit).

Our financial statements have been prepared on a going-concern basis, which assumes the realization of assets and liquidation of liabilities in the normal course of business.

At March 31, 2007, the Company had working capital of \$2,335,762 (June 30, 2006 - \$1,468,952) and an accumulated deficit of \$11,890,051 (June 30, 2006 - \$9,477,137). The Company will require additional financing or outside participation, to undertake further exploration and subsequent development of its mineral properties. The Company's ability to continue as a going-concern is dependent on continued financial support from its shareholders, the ability of the Company to raise equity financing, and the attainment of profitable operations, external financings and further share issuances to meet the Company's liabilities as they become payable.

3 EXPLORATION

This past quarter the Company expanded its Copalquin land package to 152,000 hectares, based on results of the regional exploration program. The expanded Copalquin land package encompasses 23 historically productive silver and gold mines within its boundaries. Previous drill programs at the Copalquin Project have confirmed potentially economic mineralization at three main target areas, Cometa, Refugio and La Soledad. All of the mineralized zones that have been tested are open at depth and along strike and clearly warrant extensive additional drill testing. It is important to note however that, in addition to the zones that have been tested, available data suggests that the extent of the epithermal system at Copalquin may be much larger than has previously been recognized. There are more than twenty known gold and silver occurrences and multiple satellite image anomalies within the expanded concession areas that have not yet been examined by field personnel and management expects that the planned reconnaissance work will identify several additional priority areas that will be scheduled for drilling, along with Refugio and Cometa, after completion of the work at La Soledad.

Drill testing completed during the spring 2006 program confirmed that the Cometa and Refugio prospects are not separate occurrences but are part of a regionally extensive epithermal system. Drill holes completed by UC prior exploration program to the southwest of Cometa (DHH 06-01, 02 and 03) intersected wide intervals of

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silicified, clay altered volcanic breccia with gold values ranging from 0.05 to 0.34 g/ton and silver values ranging from 1.0 to 5.9 g/ton over widths ranging from 50 to 80 meters. Drill hole 06-04 drilled to the north of Cometa intersected similar clay altered, silicified rocks from surface to 75.0 meters with gold values ranging from 0.05 to .32 g/ton and silver values ranging from 1.0 to 10.2 g/ton. Drill hole 06-05, drilled from the same location, intersected similar alteration and mineralization from surface to 91.0 meters and also intersected a second mineralized zone with lower but significant values from 102.0 to the end of the hole at 130.5 meters. The drilling clearly showed that alteration and silicification associated with the epithermal system is pervasive and extends well beyond the mineralized areas observed in outcrop and underground workings. As part of the fall program check sampling programs including systematic re-assaying for the presence of metallic gold (typical of similar epithermal systems in the Sierra Madre) within the wide mineralized intervals encountered at Cometa and Refugio will be completed.

The main objective of the Phase III program is to continue to explore and by doing so delineate the extent of the high grade silver and gold mineralization identified at the La Soledad prospect, a previous producing high-grade mine. As announced July 20, 2006 the first hole ever completed below the historic La Soledad mine workings (DDH 06-07) intersected 5.2 meters of mineralization averaging 45 g/ton gold and 1,563 g/ton silver. These results were in line with previous, historic results. Assay results will be released as they become available.

During the past quarter, the drill program encountered challenges at Copalquin. The drills had technical, hydraulic and other mechanical difficulties. As a result only 393.45 metres were drilled. The Company is still awaiting assay results from these drill cores.

4. PRODUCTION

The Company has one key production asset: La Yesca. In summary, this is a break-down of the company's exploration projects:

a. La Yesca

La Yesca is 100% owned by UC's 100% owned Mexican subsidiary Minera Silver Creek. The La Yesca mining project is located near the town of La Yesca, in the state of Nayarit, and is located approximately two hundred kilometers west of Guadalajara, Mexico. In the La Yesca district there are at least 16 known gold and silver mineral discoveries, of which five are reportedly past producing mines. Four of these past producing mines are located on UC Resources' concession, which covers 600 hectares. The project also includes a modern milling facility capable of milling two hundred (200) tonnes per day of feed. Approximately two hundred thousand (200,000) tonnes of tailings are available to process immediately, with the tailings containing good grades of both gold and silver.

b. Mar

This project is also 100% owned by UC's Minera Silver Creek. The MAR project consists of a 100 hectare mining exploitation concession, and contains a surface accumulation of former mine ore, presumably extracted from the nearby historical mine, and left at mine opening. This material is immediately ready to be evaluated (for grade and metallurgical concerns), sampled and if warranted processed, once a suitable milling facility amenable to the material has been acquired. It is the Company's intention to add to the land package in due course.

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5. REVIEW OF OPERATIONS

Results of operations are summarized as follows:

	Three Months Ended March 31, 2007	Three Months Ended March 31, 2006	Nine Months Ended March 31, 2007	Nine Months Ended March 31, 2007
Stock-based compensation	\$ -	\$ 238,245	\$ 970,201	\$ 381,117
Management fees and consultants	65,298	64,422	174,000	52,654
Investor relations	185,471	63,279	495,837	198,999
General and administrative	246,956	110,920	772,876	411,248
Net loss	\$ 497,725	\$ 476,866	\$ 2,412,914	\$ 1,044,018

A) STOCK-BASED COMPENSATION

The fair value of options granted is recognized as an expense upon grant. During the quarter ended March 31, 2007, no options were granted compared to 1,760,000 options with an exercise price of \$0.11 in 2006. During the nine months ended March 31, 2007, 2,150,000 options were granted with an average exercise price of \$0.46. During the nine months ended March 31, 2007, 3,643,000 options were granted with an average exercise price of \$0.13.

B) MANAGEMENT FEES AND CONSULTANTS

The increase for the nine months ended March 31, 2007 results from additional senior staff required to manage the expanded scope of operations.

C) INVESTOR RELATIONS

The increase for the quarter ended March 31, 2007 and for the nine months ended March 31, 2007 results primarily due to an expanded program of investor awareness in connection with the Company's exploration program in Mexico and recent acquisitions.

D) GENERAL AND ADMINISTRATIVE

The increase for the quarter ended March 31, 2007 and for the nine months ended March 31, 2007 results primarily due to increased rent for expanded head office premises, legal expense related to major transactions, the expansion of the administrative office in Torren, Mexico, and additional staff and services in Vancouver.

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6) OUTLOOK

The Company now has active projects in Mexico as well as one in Canada.

The Board has approved a 4,000 meter drill program for McFaulds Lake. Based on the results of an upcoming geophysical UTEMs survey at McFauld's #3, the Company will drill those anomalies to depth. This occurrence has shown interesting geophysical as well as drill results. Thirty one drill holes, totally 10,169 meters, have been undertaken. Some highlights, include McF-04-57, which produced 18.8 metres of 8.02% Copper and McF-03-18 which encountered 4.83% Zn over 25.75 meters.

To address deficiencies in the previous quarter's drill program at Copalquin, the Company has temporarily replaced the previous consulting group with Billiken Management Services Inc. of Toronto. Pat Chance, P.Eng. was seconded from this consulting firm to prepare an NI-43-101 report on the project. While completing the necessary site visits and review of the project, the consultant has made recommendations to the Company that would provide for more systematic reporting of the exploration program and impart more rigorous QA/QC measures. The current phase of the exploration program is proposed to continue to until the rainy season, which generally starts at the end of June. At that time UC intends to begin a channel sampling program at El Refugio. Drilling at La Soledad is expected to resume in September 2007. An independent 43-101 compliant technical report detailing all historic drilling results at Copalquin is expected to be completed.

In August, 2006 the Company completed the 100% acquisition of Minera Silver Creeck S.A. de C.V. ("Silver Creeck"), a company incorporated under the laws of Mexico. Silver Creeck's principal asset is the La Yesca mining project located near the town of La Yesca, in the state of Nayarit, Mexico, approximately 100 km north-west of Guadalajara City in central Mexico. In February, 2007, the tailing production mill was commissioned and began operations. The Company is active in fine-tuning the process at La Yesca in order to achieve a consistent throughput of 200 tonnes tailings processed per day. Although La Yesca has exploration potential, the Company's short-term focus on this project is to fine-tune the mill and to increase the plant's stated production capacity.

The Company is looking to build upon its production capacity at La Yesca by closing the La Dura acquisition, which is currently under LOI. This project is strategically located adjacent to Copalquin and contains a 761 hectare exploration property with 100,000 tonnes of tailings with good grades of gold and silver and a 60 tpd flotation concentrating plant. As of the effective date of this report, the Company still has to finalize the closing of this agreement. As well, there are additional production acquisitions under advanced stages of Due Diligence.

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7) SELECTED QUARTERLY DATA

	Quarter ended Mar. 31, 2007	Quarter ended Dec. 31, 2006	Quarter ended Sep. 30, 2006	Quarter ended Jun. 30, 2006
Loss from operations	\$ (1,491,826)	(426,442)	\$ (1,499,067)	\$ (611,862)
Interest income	7781	3,079	7,781	10,874
Net loss	\$ (423,363)	(423,363)	\$ (1,491,286)	\$ (600,988)
Basic and diluted loss per share	\$ 0.023	(0.006)	\$ (0.023)	\$ (0.029)

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	Quarter ended Mar. 31, 2006	Quarter ended Dec. 31, 2005	Quarter ended Sep. 30, 2005	Quarter ended Jun. 30, 2005
Loss from operations	\$ (479,154)	(238,307)	\$ (331,401)	\$ (108,561)
Interest income	2,288	2,179	377	6
Net loss	\$ (476,866)	(236,128)	\$ (331,024)	\$ (108,555)
Basic and diluted loss per share	\$ (0.015)	(0.010)	\$ (0.012)	\$ (0.006)

8. LIQUIDITY

To date the Company has not generated significant revenues from its operations and is considered to be in the exploration stage. Working capital on hand at March 31, 2007 was \$2,335,762 and not considered sufficient to finance budgeted exploration, general and administrative expense, investor relations and acquisition commitments for the twelve months ending March 31, 2008. At present the Company is dependent on equity financing for additional funding if required. Should one of the Company's projects proceed to the mine development stage, it is expected that a combination of debt and equity financing would be available.

Operating activities

Cash used in operations was \$534,626 during the quarter ended March 31, 2007 (2006 - \$1,422,572) and represents expenditures on general, administrative and other expenses as described above. During the six months ended December 31, 2006, cash used in operations was \$1,523,598 (2006 - \$2,282,117) and, as in the current quarter described above represents expenditures on general, administrative and other expenses as described above offset by increases in current liabilities.

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Financing activities

During the nine months ended March 31, 2007 the Company issued common shares as follows:

	Number of shares	Capital Stock	Contributed Surplus
Balance, June 30, 2006	58,363,759	13,134,118	639,840
Issued for cash			
Exercise of options	225,000	25,750	-
Exercise of warrants	5,178,230	759,236	-
Non-cash			
For mineral properties	6,000,000	3,192,857	-
Exercise of options		32,100	(32,100)
Stock-based compensation			970,201
Balance, September 30, 2006	69,766,989	17,144,061	1,577,941
Issued for cash			
Exercise of options	2,626,500	354,578	-
Exercise of warrants	3,405,769	437,186	-
Non-cash			
Exercise of options		362,604	(362,604)
Balance, December 31, 2006	75,799,258 \$	18,298,429 \$	1,215,337
Issued for cash			
Private placement, flow through shares	2,678,568	1,500,000	
Exercise of options	200,000	30,000	
Exercise of warrants	8,392,000	1,149,405	
Share issue costs			(162,950)
Non-cash			
Exercise of options		35,195	(35,195)
Balance, March 31, 2007	87,069,826 \$	21,013,029 \$	1,017,192

Investing activities

During the three month periods ended March 31, 2007 and 2006, the Company expended \$194,793 and \$69,746 respectively on the exploration of mineral property interests. During the nine month periods ended March 31, 2007 and 2006, the Company expended \$1,050,855 and \$774,787 respectively on the exploration of mineral property interests. In 2006, the Company acquired the La Yesca project and in 2005 the Company acquired the Copalquin project. Exploration was carried out on the Copalquin Project, in both years as discussed above.

During the three month periods ended March 31, 2007 and 2006, the Company expended \$167,079 and \$36,942 respectively on the purchase of capital assets. During the nine month periods ended March 31, 2007 and 2006,

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the Company expended \$756,849 and \$43,723 respectively on the purchase of capital assets. The increase is primarily attributed to construction in progress at the La Yesca processing facility as discussed above.

Outstanding share data

As at May 30, 2007, there were 89,394,826 common shares outstanding. In addition there were 3,300,000 stock options outstanding with exercise prices ranging from C\$0.11 to C\$0.46 per share. Share purchase warrants outstanding totalled 6,985,784 at prices ranging from C\$0.125 to C\$0.80 per share and expiring on dates varying from June 23, 2007 to March 13, 2009.

9. CAPITAL RESOURCES

The Company had no commitments for capital assets at March 31, 2007 except as noted in Note 13 to the unaudited interim consolidated financial statements at that date.

At March 31, 2007, the Company had working capital of \$2,335,762. Subsequent to March 31, 2007, the Company raised approximately \$308,000 from the exercise of warrants and options. Nonetheless, management believes current resources will not be sufficient to finance budgeted exploration, general and administrative expense, investor relations and acquisition commitments for the twelve months ending March 31, 2008. At present the Company is dependent on equity financing for additional funding if required. Should one of the Company's projects proceed to the mine development stage, it is expected that a combination of debt and equity financing would be available.

10. OFF-BALANCE SHEET TRANSACTIONS

The Company has no off-balance sheet arrangements except for contractual obligation noted above.

11. TRANSACTIONS WITH RELATED PARTIES

Related party transactions are summarized in Note 10 to the unaudited interim consolidated financial statements for the six months ended December 3, 2006.

12. PROPOSED TRANSACTIONS

Not applicable.

13. CRITICAL ACCOUNTING ESTIMATES

The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the Canada require management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

The Company follows accounting guidelines in determining the value of stock option compensation, as disclosed in Note 2 to the financial statements. Unlike other numbers in the accounts, this is a calculated amount not based on historical cost, but on subjective assumptions introduced to an option pricing model, in particular: (1) an estimate for the average future hold period of issued stock options before exercise, expiry or

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cancellation and (2) future volatility of the Company's share price in the expected hold period (using historical volatility as a reference). Given that there is no market for the options and they are not transferable, the resulting value calculated is not necessarily the value the holder of the option could receive in an arm's-length transaction.

The Company's accounting policy is to capitalize exploration costs on a project by project basis as allowable under Canadian GAAP. The policy is consistent with that of other exploration companies that have elected to capitalize exploration costs. Management is of the view that its current policy is appropriate for the Company.

14. CHANGES IN ACCOUNTING POLICIES

A detailed summary of all of the Company's significant accounting policies and the estimates derived therefrom is included in Note 2 to the annual consolidated financial statements for the year ended June 30, 2006. Accounting policies used in the current year did not differ from those used in the prior year.

15. FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Company's financial assets and liabilities consist of cash, receivables, deposits and accounts payable and accrued liabilities, some of which are denominated in U.S. dollars and Mexican pesos. These accounts are recorded at their fair market value. The Company is at risk to financial gain or loss as a result of foreign exchange movements against the Canadian dollar. The Company minimizes its foreign exchange risk by maintaining low account balances in currencies other than the Canadian dollar. The Company does not currently have major commitments to acquire assets in foreign currencies; but historically it has incurred the majority of its exploration costs in foreign currencies.

16. OTHER MD&A REQUIREMENTS

Risk

Mineral exploration and development involve a high degree of risk and few properties are ultimately developed into producing mines. There is no assurance that UC's future exploration and development activities will result in any discoveries of commercial bodies of ore. Whether an ore body will be commercially viable depends on a number of factors including the particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as particular attributes of the deposit such as size, grade and proximity to infrastructure, as well as mineral prices and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in a mineral deposit being unprofitable.